

Core business shows growth of 25% in Q3 for IndusInd Bank

Retail Assets show further growth; Advances and Deposits grow at 25% each

Mumbai, 16 January 2006: The Board of Directors of IndusInd Bank, one of the fastest growing new-generation private sector banks in the country, today adopted its Unaudited Financial Results for the third quarter ended December 31, 2005.

Performance highlights for the quarter ended December 31, 2005:

- Gross Income was Rs 352.18 crore as compared to Rs 317.6 crore in the corresponding quarter of the previous year
- Net Interest Income stood at Rs 73.92 crore as compared to Rs 101.18 crore in the corresponding quarter of the previous year
- Other Income for the quarter stood at Rs 55.98 crore *vis-à-vis* Rs 46.69 crore in the corresponding quarter of the previous year
- Operating Profit for the quarter was Rs 44.5 crore as against Rs 87.06 crore in the corresponding quarter of the previous year
- Profit After Tax stood at Rs 27.37 crore as against Rs 42.85 crore in the corresponding quarter of the previous year; Net profit for Q3 was lower due to additional provision of Rs 12.38 crore made against Standard Assets at 0.4% as against 0.25% till last quarter
- The quarterly EPS works out to Rs 0.94 on the equity capital of Rs 290.51 crore
- Net Interest Margin (NIM) for the current quarter was at 1.78% as against 2.93% in the corresponding quarter of the previous year
- The Bank has recovered Rs 20.16 crore of bad debts during the quarter as against Rs 20.72 crore in the previous corresponding quarter
- Commercial vehicle lending grew 9.33% over the corresponding period of the previous year
- As on December 31, 2005, the Bank has 248 outlets (spread over 110 geographical locations), including 131 branches, 9 extension counters, 26 Vehicle Finance Division offices, and 82 offsite ATMs, apart from representative offices in Dubai and London

Performance highlights for the 9-month period ended December 31, 2005:

- Gross Income was Rs 1,054.07 crore, grew by 4.15% as compared to Rs 1,012.12 crore in the corresponding 9-month period of the previous year
- Net Interest Income stood at Rs 236.34 crore as against Rs 292.36 in the corresponding 9-month period of the previous year
- Other Income for the current 9-month period stood at Rs 180.42 crore *vis-à-vis* Rs 182.87 crore in the corresponding 9-month period of the previous year
- Operating Profit was at Rs 184.52 crore as against Rs 289.18 crore in the corresponding 9-month period of the previous year. The operating profit was lower due to following reasons:
 1. Yield on advances was lower and cost of deposits was slightly higher
 2. The operating expenses were also higher at Rs 232.24 crore as against Rs 186.05 crore during the corresponding period of the previous year, on account of branch expansion
 3. Profit on sale of investments was lower at Rs 13.59 crore in the current period as against Rs 35.78 crore in the corresponding period of previous year
- Profit After Tax stood at Rs 99.22 crore as against Rs 147.24 crore in the corresponding 9-month period of the previous year
- The 9-month EPS works out to Rs 3.42 on the equity capital of Rs 290.51 crore
- Net Interest Margin for the current 9-month period was at 1.95 % as against 2.71% in the corresponding 9-month period of last year
- Capital Adequacy Ratio as on December 31, 2005 was 11.79% as against 12.73% as on December 31, 2004
- Advances as on December 31, 2005 were at Rs 9,196.16 crore (net of securitisation) registering a growth of 24.71%, while total Deposits for the period ended December 31, 2005 were at Rs 13,779.55 crore, a growth of 25.01%

Commenting on the performance, **Bhaskar Ghose, Managing Director & CEO**, said, “Operating expenses continue to remain higher in this quarter as the Bank not only grew, but also incurred expenses on staff accretion and branch expansion in anticipation of revenue from higher level of operations. The Bank is also getting prepared for a similar growth in the next six months, subject to RBI’s permission for our branch expansion plan. But on the core-banking front, we have done well. Dependence on treasury income has come off substantially, while our commercial vehicle lending has done well, despite competition and the pressure on margins. CASA is better than what it was three months back, and we expect it to grow at a faster clip as more branches commence operations. Deposit mobilisation by new branches is also doing well and we expect our cost of deposits to go down further as more low cost deposits kick in.”



On the retail banking front, in this quarter, not only did the Bank continue to provide differentiated products and services to its customers but only concentrated on expanding its reach to semi-urban and rural population.

“We have recently struck a strategic deal with other Banks by signing the **ATM Access Agreement** that will provide our 1 million customers an access to 13000 ATMs. We also aim at lowering the entry barriers for the poorer sections of the society for which we recently launched the ‘**Indus Easy Savings Account**’, which is a No Frills Account,” said Bhaskar Ghose.

IndusInd Bank has taken it upon itself to train customers on the IndusNet platform, so that they can access and use the banking facilities *via* the Internet. IndusInd Bank has also recently raised Rs 115 crore as its Tier II capital.

About IndusInd Bank Ltd.

IndusInd Bank Ltd., one of the fastest growing new generation private sector banks in India, commenced operations in 1994 and has a networth of Rs 829 crore as at March 31st 2005. Driven by technology, it has taken steps to establish and upgrade its support systems for the introduction of retail banking products and alternative delivery channels, while continuing to expand its network of branches. In its decade-long existence, the Bank has displayed its commitment to global benchmarks in retail banking by proactively adopting the requirements of ISO 9001:2000 quality certification for its entire network of branches. It was one of the first banks to go live on the RTGS platform and enjoys clearing bank status for BSE, NSE, MCX and NCDEX.

Since merger of Ashok Leyland Finance in June 2004, the Bank has expanded its retail portfolio. It is one of the largest players in the securitisation market, and also a large player in the financing of commercial vehicles, utility vehicles, 2/3-wheelers and construction equipment financing. The Bank has been given the highest P1+ rating for its FDs by CRISIL, who have also assigned the highest safety ratings to the Bank’s Pass Through Certificates. It has also been given highest rating of F1+ for its Certificate of Deposits by Fitch Ratings India Pvt. Ltd. The Bank’s Tier-II Bonds have been rated as LA+ by ICRA and A+ (ind) by Fitch. Visit us at www.indusind.com

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